



Hundredth Legislature - First Session - 2007  
**Introducer's Statement of Intent**  
**LB 580**

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**Chairperson:** Brad Ashford  
**Committee:** Judiciary  
**Date of Hearing:** March 21, 2007

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

In 2003 legislation was enacted in Nebraska to aid our enforcement under the Master Tobacco Agreement. Under current statute, nonparticipating manufacturers are required to place money into escrow for each cigarette taxed and sold in Nebraska. Under the Agreement, the Attorney General's Office is obligated to "diligently enforce" this requirement in order for Nebraska to continue to receive our state's full share of Master Settlement Agreement payments.

Current statute prohibits the sale of cigarettes in Nebraska unless the nonparticipating manufacturer has fully paid its escrow obligation. It primarily regulates the sellers, both wholesale and retail dealers, and makes it a crime as well as the basis for license revocation, if manufacturers sell cigarettes which are not on a directory maintained by the Department Revenue which lists manufacturers and brands approved for sale in Nebraska. Current statute also provides for seizure of cigarettes that are not on the directory.

LB 580:

1. Clarifies the responsibilities of the wholesale dealer to monitor the directory on the Tax Commissioner's web site to determine which brands may be sold in Nebraska;
2. Removes ambiguous language in the criminal provision regarding tobacco products "intended for sale";
3. Provides that the Secretary of State will be presumed to be the agent for service of process for nonparticipating manufacturers who don't appoint an agent for service of process; and
4. Adds an amendment to the penalty provisions which directs the court to order payment of profits or other benefits to the general fund.

**Principal Introducer:**

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**Senator Don Preister**